MNCA
VOC FOR IOP/FN
POLITICAL FEATURE NO. 1-0172 FEBRUARY 13, 1976
ROBERT L. REDEEN/NY

SURVEY OF "UNUSUAL" BUSINESS PRACTICES
(CONFERENCE BOARD REPORT)

ANNCR:

THE PRIVATE BUSINESS RESEARCH ORGANIZATION KNOWN AS THE CONFERENCE BOARD HAS SURVEYED SEVENTY-THREE TOP-LEVEL AMERICAN BUSINESS EXECUTIVES WHO REPRESENT A CROSS-SECTION OF THE BUSINESS COMMUNITY. THEY WERE ASKED WHETHER THEIR FIRMS HAVE BEEN PRESSURED TO MAKE WHAT ARE CALLED "UNUSUAL PAYMENTS" TO GET OVERSEAS BUSINESS. MORE ON THE SURVEY IN THIS REPORT FROM ROBERT L. REDEEN IN NEW YORK.

VOICE:

MANY UNITED STATES INTERNATIONAL COMPANIES SAY THEY HAVE BEEN UNDER PRESSURE TO MAKE A VARIETY OF UNUSUAL PAYMENTS TO FOREIGN GOVERNMENT OFFICIALS, CUSTOMERS AND OTHERS IN ORDER TO DO BUSINESS ABROAD. CITED AS THE MOST COMMONLY REQUESTED PAYMENTS ARE PARTIAL RETURN OF WHAT CUSTOMERS PAY AND BRIBES TO GOVERNMENT OFFICIALS TO EASE BUREAUCRATIC DIFFICULTIES. MOST VULNERABLE TO THESE REQUESTS ARE COMAPNIES WHICH SELL LARGE AMOUNTS OF GOODS IN HIGHLY COMPETITIVE INDUSTRIES AND FIRMS WHOSE PRODUCTS REQUIRE GOVERNMENT REGULATION.

LATIN AMERICAN AND THE MIDDLE EAST ARE PINPOINTED AS AREAS WHERE DEMANDS FOR UNUSUAL PAYMENTS ARE MOST WIDESPREAD WITH THE FAR EAST AND AFRICA NOT FAR BEHIND. A MAJORITY OF THE EXECUTIVES WHO ACKNOWLEDGE SUCH REQUESTS FROM CUSTOMERS SAY THE POLICIES OF THEIR COMPANIES ARE TO REJECT THEM.

IN A NUMBER OF NATIONS SUCH UNUSUAL PAYMENTS ARE NOT ILLEGAL, BUT THEY ARE CONTRARY TO STANDARDS OF UNITED STATES BUSINESS BEHAVIOR AND SOME OF THEM WOULD BE ILLEGAL IN THE UNITED STATES. AN AUTO EXECUTIVE OBSERVES THAT "WE KNOW THAT IN SOME AREAS SOME 'COMMISSIONS' AND PAYMENTS OF EXCEPTIONAL NATURE ARE A WAY OF DOING BUSINESS AND ALTHOUGH WE DO NOT CONDONE IT, WE REALIZE SOME OF OUR DISTRIBUTORS MAY BE DOING IT AS PART OF THE ACCEPTED WAY OF DOING BUSINESS THERE."

ABOUT TWENTY-FIVE PERCENT OF THE EXECUTIVES SURVEYED SAY THAT UNUSUAL PAYMENTS ARE A PROBLEM IN THEIR INDUSTRIES. FIFTY-TWO PERCENT BELIEVE UNITED STATES COMPANIES SHOULD ADHERE TO UNITED STATES STANDARDS IN CONDUCTING BUSINESS OVERSEAS. THE OTHER FORTY-EIGHT PERCENT THINK UNITED STATES FIRMS SHOULD ADOPT THE COMMERCIAL MODES AND MORAL STANDARDS OF THE COUNTRIES IN WHICH THEY OPERATE. WHILE MOST OF THOSE SURVEYED BELIEVE THAT UNITED STATES BUSINESS STANDARDS ARE HIGHER THAN IN MANY OTHER PARTS OF THE WORLD, A FEW FEEL THERE ARE NO SIGNIFICANT DIFFERENCES.

NO PART OF THE WORLD, INCLUDING THE SOCIALIST COUNTRIES, ACCORDING TO THE STUDY, SEEMS TO BE FREE OF THE PRACTICES. THE REPORT REFERS TO A NUMBER OF TRIALS OF TRADE OFFICIALS AND STATE CORPORATION OFFICIALS IN CZECHOSLOVAKIA, ROMANIA, BULGARIA, POLAND AND THE SOVIET UNION DURING NINETEEN SEVENTY-FIVE FOR ACCEPTING COMMISSIONS AND CONSULTATION FEES CONTRARY TO THE LAWS OF THEIR RESPECTIVE COUNTRIES.

-0-

JS/CAK